

Canbra Foods Ltd.

Revised October 2, 1985 (IC)

Destroy all previous Basic and White cards on this Company

CUSIP Number 137312

Stock Symbol CBF

Head Office — P.O. Box 99, Lethbridge, Alta. T1J 3Y4

Telephone — (403) 327-5781

THE COMPANY is engaged in the processing and marketing of edible and non-edible oils, margarine and related by-products in Lethbridge, Alta. A subsidiary manufactures and processes food products for sale to restaurants, hospitals, institutions and food stores.

Fiscal Year	Total Assets	Working Capital	Shldrs.' Equity	COMPARATIVE DATA		Earns. Per Sh.	Divds. Paid	Price Range	
				Sales	Net Inc. Oper.			High	Low
	\$	\$	000's	\$	\$	\$	\$	\$	\$
1984....	65,632	18,478	35,056	136,564	794	0.29	....	10.00	7.25
1983....	58,426	19,697	34,262	110,765	3,203	1.16	....	9.63	6.00
1982....	51,982	18,189	31,059	103,255	2,442	0.89	....	10.50	5.63
1981....	55,037	16,844	28,616	122,222	5,824	2.12	....	11.00	6.25
1980....	49,724	13,470	22,792	115,539	5,522	2.01	0.20	9.50	4.30

CONSOLIDATED CAPITALIZATION AS AT DECEMBER 27, 1984

	Outstanding		%
Common stock	2,753,481 shs.	\$4,168,819	12
Retained earnings		30,887,395	88

SUMMARY STATEMENT

For the 1985 first quarter a net loss of \$253,742 or nine cents per share compared with a net income of \$1,157,089 or 42 cents per share for the first three months of 1984. Working capital declined \$167,532 during the quarter to stand at \$18,310,046 on Mar. 28, 1985.

For the year ended Dec. 27, 1984, net income declined 75% from the previous year's earnings. All Federal and Provincial Government Operating Assistance available to the canola crushing industry was discontinued by the first quarter of 1984. Operating assistance, net of income taxes, totaled \$451,000 in 1984 compared with \$2,381,000 for 1983.

Capital expenditures for 1984 were \$4,045,409 against \$3,233,283 for 1983. A major project completed during 1984 was the renovation of the company's Prince Albert seed cleaning plant.

The company sold the retail division of Stafford Foods Limited in November, 1984, to allow concentration of resources on the growing food service industry.

N.B. — For quick reference data, see page 2.

THE FINANCIAL POST CORPORATION SERVICE

Maclean Hunter Building, 777 Bay Street, Toronto M5W 1A7 Telephone (416) 596-5585

1001 Boul. de Maisonneuve ouest, Montréal H3A 3E1 Téléphone (514) 845-5141

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QUICK REFERENCE DATA

Major Shareholder—In April, 1985, Burns Foods Limited held 71.66% of the outstanding common shares of the company.

Incorporation—Alberta charter, September 13, 1957.

Employees—There were 275 employees in April, 1985.

Auditors—Peat, Marwick, Mitchell & Co., C.A., Calgary.

Fiscal Year Ends—Thursday nearest December 31 (December 27 in 1984).

Annual Report Appeared—In April in 1985.

Annual Meeting—April 26 in 1985.

Banker—Bank of Montreal.

Listed—CBF, Toronto Stock Exchange.

Shareholders—The company had 2,081 shareholders as of March, 1985.

Transfer Agent & Registrar—The Canada Trust Company, Toronto and Calgary.

COMPANY

The company is engaged in the processing, manufacture and marketing of edible and non-edible oils, margarine and related by-products. The company's subsidiary is in the food service industry through its line of food service products.

OPERATIONS AND PROPERTIES

The company owns a highly-automated, fully-integrated seed and oil processing plant located on a 14-acre site at Lethbridge, Alta. The plant complex comprises a seed cleaning plant, seed storage tanks, a crushing plant, a refinery, a margarine plant and a finished products plant, together with warehousing and office facilities. Warehousing and distribution facilities are located in Vancouver, Winnipeg, Toronto, Montreal and Moncton, N.B., while there are 37 gathering points geared to receive and handle rapeseed/canola and other grains.

Rapeseed/canola is the main agricultural input, but the plant also utilizes soya, cottonseed, sunflower and palm oils. Original crushing capacity of the plant, when completed in 1960, was 60 tons per day. Crushing capacity has since been increased to more than 1,000 tons per day. Rapeseed/canola is purchased from farmers in Alberta under contract and from elevator companies.

Products include cooking and salad oils, margarines, institutional shortenings, bulk salad and cooking oils, margarine and shortening base stocks, rapeseed/canola and protein meal, crude and once refined rapeseed oil, acidulated fatty acids, etc., and are sold in the Canadian and U.S. markets, as well as in overseas markets, with Australia and Japan being among the largest overseas customers.

Trade names include the West, Romana, Rimini and Liquid Gold brands of salad oils, the West brand margarine and salad dressing, Tasty Fry shortening, Hills Bros. coffee, Borden products and Stafford pie fillings, jams and sundae toppings.

The company's wholly-owned subsidiary, **Stafford Foods Limited**, is engaged in the manufacture, processing and sale of a wide variety of food products. Stafford Foods Limited operates plants at Toronto and Hamilton, Ont.

Selling in the food service area in eastern Canada is handled by sales representatives.

CAPITAL EXPENDITURES

Capital expenditures have been as follows in recent fiscal years:

1976	\$1,430,447	1980	\$2,811,210
1977	2,410,917	1981	4,031,133
1978	1,312,744	1982	2,843,213
1978*	911,470	1983	3,233,283
1979	762,499	1984	4,045,409

*Five-month fiscal period ended Dec. 28, 1978.

HISTORY

The company was incorporated under the laws of the Province of Alberta by Certificate of Incorporation on Sept. 13, 1957, as Western Canadian Seed Processors Limited, to engage in the business of processing, manufacturing and marketing edible and non-edible oils and related by-products. It commenced operations in August, 1961.

On Jan. 31, 1969, all outstanding stock of Kemptville Creameries, Limited, a producer of butter and margarine in Kemptville, Ont., was acquired. The butter manufacturing operation of the subsidiary was sold in March of 1971.

Late in 1970, Canada and Dominion Sugar Company Limited made an offer to purchase all outstanding shares of the company at a price of \$4 per share, conditional on the tender of at least 51% of the outstanding stock. The offer was unsuccessful.

Effective June 12, 1972, the company acquired 68.4% of the outstanding common shares of Stafford Foods Limited for \$2,278,484 in cash.

During 1973, the company sold the shares of Kemptville Creameries, Limited.

Effective May 17, 1974, name of the company was changed from Western Canadian Seed Processors Limited to Canbra Foods Ltd.

In September, 1976, the company made an offer to acquire all the outstanding shares of Stafford Foods Limited it did not already own, at \$4.25 per share. The offer which was extended to Oct. 27, 1976, resulted in the company acquiring an additional 133,593 shares which increased Canbra's interest to 96.6%.

On Jan. 7, 1977, the company acquired all of the outstanding shares of Golden Bell Foods Limited for \$16,770 cash.

In 1979, operations of the company's subsidiary, Golden Bell Foods Limited, were terminated.

On Mar. 27, 1980, the company acquired the remaining 5,866 outstanding shares of Stafford Foods Limited, increasing the company's interest to 100%.

WHOLLY-OWNED SUBSIDIARY

Stafford Foods Limited—Toronto, Ont. J. D. Hockin, pres. Company manufactures, processes and sells a wide variety of food products. Sales offices and warehouses leased or owned by the company are located across Canada.

OFFICERS AND DIRECTORS

Officers—A. J. E. Child, chm.; D. W. Hughes, pres. & chief exec. officer; G. A. McIntyre, v-p, mktg. & sales; R. A. Simmons, v-p, grain div.; A. R. Hunt, sec.-treas.; C. L. Kellin, contr.

Directors—H. H. Michael, R. A. Simmons, G. A. McIntyre, D. W. Hughes, Lethbridge, Alta.; M. C. Herbst, Warner, Alta.; A. J. E. Child, P. E. Soulier, R. A. Jackson, Calgary, Alta.; J. D. Hockin, Toronto.

CAPITAL STOCK

(At Dec. 31, 1984)

	Author.	Outstand.	Par
Pfcd.	1,000,000 shs.	nil	\$15
Common	6,000,000 shs.	2,753,481 shs.	n.p.v.

Preference—Created in fiscal 1970, 1,000,000 shares, \$15 par, designated as preference stock; none issued to date.

Common—One vote per share.

CAPITAL STOCK CHANGES

Upon incorporation on Sept. 13, 1957, authorized capitalization consisted of 3,000,000 common shares with no par value of which three shares were issued to the incorporators.

In October, 1957, the company issued 820,000 common shares under initial subscription, as consideration for land and survey and to provide funds for plant construction. In October, 1958, an additional 500,000 shares, and, in July, 1959, a further 500,000 shares were sold for cash to finance plant construction, bringing the number of common shares outstanding at July 31, 1959 to 1,820,003 shares.

During the 1962 fiscal year, 100 common shares were issued upon exercise of warrants.

In July, 1964, the company offered its shareholders one new common share at 30 cents for every two shares held. A total of 634,911 shares were issued pursuant to this offer (634,461 shares in 1964-65; 300 shares in 1965-66; and 150 shares in 1966-67). Funds were used to provide working capital.

Also issued during the 1965 fiscal year, were 50 common shares upon exercise of share purchase warrants and 1,000 shares upon exercise of options. During the 1966 fiscal year, a further 3,000 shares were issued under options, in fiscal 1967, 84,500 shares were so issued and in fiscal 1969, 1,427 shares were issued upon exercise of options.

During the 1970 fiscal year, the authorized capital was increased through creation of 1,000,000 shares, \$15 par, designated as preference shares, and 3,000,000 common shares, no par value.

In the 1971 fiscal year, 5,040 common shares were issued under options and in fiscal 1972, 3,450 common shares were so issued.

On Jan. 27, 1976, the company issued to Nisssholwai Co. Ltd. of Tokyo, Japan, 200,000 treasury common shares at a price of \$5 Cdn. per share. As a result, outstanding capital stock at July 31, 1976, comprised 2,753,481 common shares.

**PRICE RANGE OF STOCK
Common**

Year	High	Low	Year	High	Low
1974	\$4.60	\$2.35	1980	\$9.50	\$4.30
1975	4.10	2.40	1981	11.00	6.25
1976	4.50	3.40	1982	10.50	5.63
1977	4.00	3.25	1983	9.63	6.00
1978	4.80	3.75	1984	10.00	7.25
1979	4.65	3.80			

DIVIDENDS

Common—Dividends are presently being omitted. Previously a rate of 20 cents per share per annum was paid semiannually from June 30, 1977 to Dec. 22, 1980, inclusive.

Initial payment on the stock was three cents per share Nov. 21, 1968; three cents per share also paid Nov. 24, 1969; a rate of 10 cents per share per annum was established with the semiannual payment of five cents per share Dec. 11, 1970, and paid regularly semi-annually to Dec. 17, 1973, inclusive; and 7½ cents per share paid June 15 and Dec. 15, 1976. Dividends of 20 cents per share per annum were paid semi-annually from June 30, 1977 to Dec. 22, 1980, inclusive.

LONG-TERM DEBT

The company has no outstanding long-term debt.

INTERIM EARNINGS

Fiscal Year	Sales	Net Inc. Oper. 3 months	Earns. per Com. Sh.	Sales	Net Inc. Oper. 6 months	Earns. per Com. Sh.	Sales	Net Inc. Oper. 9 months	Earns. per Com. Sh.
	\$000's		\$—	\$000's		\$—	\$000's		\$—
1979 ..	29,678	730	0.26	59,487	1,576	0.57	88,551	2,143	0.78
1980 ..	30,015	1,432	0.52	60,771	3,618	1.31	91,932	5,028	1.83
1981 ..	30,763	1,643	0.60	60,768	3,130	1.14	89,180	4,472	1.62
1982 ..	27,048	364	0.13	58,970	326	0.12	78,154	989	0.36
1983 ..	26,360	1,369	0.50	54,618	1,916	0.70	79,458	1,579	0.57
1984 ..	34,607	1,157	0.42	71,338	951	0.35	101,287	167	0.06
1985 ..	33,435	d254	d0.09						

•Fiscal year-end changed from July 31 to December 31.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

	12 mos. ended Dec. 27 1984	12 mos. ended Dec. 29 1983	12 mos. ended Dec. 30 1982	12 mos. ended Dec. 31 1981	12 mos. ended Jan. 1 1981	12 mos. ended Dec. 27 1979	5 mos. ended Dec. 28 1978
	\$000's						
Source of Funds:							
Funds from oper.	1,919	4,899	3,922	7,401	6,989	4,272	1,463
Proc. sale fixed assets	907	23	66	8	12	311	20
	2,826	4,922	3,988	7,409	7,001	4,583	1,483
Application of Funds:							
Purchase of fixed assets	4,045	3,233	2,643	4,031	2,811	763	912
Dividends					551	551	275
Increase investments		181		4	53		
Acquisition & other					42	13	4
	4,045	3,414	2,643	4,035	3,457	1,327	1,191
Increase working capital	□1,219	1,508	1,345	3,374	3,544	3,256	292
□Decrease.							

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

	12 mos. ended Dec. 27 1984	12 mos. ended Dec. 29 1983	12 mos. ended Dec. 30 1982	12 mos. ended Dec. 31 1981	12 mos. ended Jan. 1 1981	12 mos. ended Dec. 27 1979	5 mos. ended Dec. 28 1978
	\$000's						
Sales	136,564	110,765	103,255	122,222	115,539	114,605	46,795
Less: Cost of sales, selling admin. & gen. exps.	134,533	104,539	98,611	111,840	105,241	107,911	45,008
Net before deprec., etc.	2,031	6,226	4,644	10,382	10,298	6,694	1,787
Less: Depreciation & amort.	1,414	1,356	1,143	936	980	860	344
Inc. taxes: Current	*716	1,348	734	2,985	3,307	2,264	316
Deferred	539	319	325	637	489	59	193
Net income, operations	794	3,203	2,442	5,824	5,522	3,511	934
Add: Extraordinary item					325		
Net income	794	3,203	2,442	5,824	5,847	3,511	934
Add: Previous ret. earns.	30,093	26,890	24,448	18,623	13,327	10,367	9,707
Less: Com. dividends					551	551	275
Retained earnings	30,887	30,093	26,890	24,447	18,623	13,327	10,366

*Credit.

Remuneration—Of officers and directors has been as follows: \$761,413 in fiscal 1984; \$725,290 in fiscal 1983; \$749,859 in fiscal 1982; \$666,793 in fiscal 1981; \$589,100 in fiscal 1980; \$558,200 in fiscal 1979; \$230,801 for five months ended Dec. 28, 1978.

Earnings per Share:

Common: Earned†	\$0.29	\$1.16	\$0.89	\$2.12	\$2.01	\$1.28	\$0.34
Earned‡	0.29	1.16	0.89	2.12	2.12	1.28	0.34

†Before (‡after) extraordinary item.

Dividends Paid or Declared:

Common					\$0.20	\$0.20	\$0.10
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- \$000's

	Dec. 27 1984	Dec. 29 1983	Dec. 30 1982	Dec. 31 1981	Jan. 1 1981	Dec. 27 1979	Dec. 28 1978
	\$000's						
Assets							
Current:							
Due from parent co.	12,064	9,260	8,147	13,415	11,972	3,212	.....
Accounts receivable	9,147	9,051	8,788	9,938	8,470	10,123	12,601
Inventories:							
Raw materials	11,286	11,461	8,494	5,724	8,087	10,044	13,007
Finished products	7,029	6,614	6,517	8,107	5,544	6,144	6,291
Supplies	2,625	2,883	2,226	2,452	2,250	1,788	1,101
Margin account	740	606	961	249	1,351	643	1,535
Inc. tax recovery	1,629	.....	297	.....	.....	.....	.....
Other	132	122	138	161	147	217	423
	44,652	39,997	35,568	40,046	37,821	32,171	34,964
Fixed:							
Buildings	8,702	7,902	7,553	6,986	5,285	4,224	4,634
Plant & equip.	23,456	20,343	17,684	15,750	13,475	12,305	11,514
Less: Accum. deprec.	12,485	11,143	9,969	8,895	8,003	7,353	6,751
Land	626	626	626	626	626	283	284
	20,299	17,728	15,894	14,467	11,383	9,459	9,681
Goodwill	194	194	194	194	194	298	321
Other	487	507	326	330	326	271	272
	65,632	58,426	51,982	55,037	49,724	42,199	45,238
Liabilities							
Current:							
Bank overdraft	1,285	2,143	2,431	1,912	1,564	1,807	2,500
Demand loans .....	.....	.....	.....	.....	.....	184	198
Accts. pay. & accr.	24,889	17,649	14,948	21,157	21,974	19,235	18,527
Taxes payable .....	.....	508	.....	133	813	1,018	370
Due to parent .....	.....	.....	.....	.....	.....	.....	6,699
	26,174	20,300	17,379	23,202	24,351	22,244	28,294
Deferred income taxes	4,402	3,864	3,544	3,219	2,581	2,417	2,359
Minority interest .....	.....	.....	.....	.....	.....	42	50
Shareholders' Equity							
Common stock	4,169	4,169	4,169	4,169	4,169	4,169	4,169
Retained earnings	30,887	30,093	26,890	24,447	18,623	13,327	10,366
	65,632	58,426	51,982	55,037	49,724	42,199	45,238

Commitments—The company has entered into contracts for the growing of oilseed crops. Commitments for the purchase of these crops was estimated at approximately \$7,013,966. The company also had future operating lease commitments as follows: 1985, \$1,388,950; 1986, \$1,271,333; 1987, \$921,695; 1988, \$396,157; and 1989, \$19,654.

Working capital (\$000's)	18,478	19,697	18,189	16,844	13,470	9,927	6,670
Ratio	1.71—1	1.97—1	2.05—1	1.73—1	1.55—1	1.45—1	1.24—1

Net worth* (\$'000's)	35,056	34,262	31,059	28,616	22,792	17,496	14,535
Common, n.p.v.	\$12.73	\$12.44	\$11.28	\$10.39	\$8.28	\$6.35	\$5.28

*Available for the capital stock; based on shareholders' equity.

Shares Outstanding:[illegible]

HISTORICAL SUMMARY

Fiscal Year	Total Assets	Shldrs.' Equity	Working Capital \$000's	Sales	Net Inc. Oper.	Earns. per Sh. \$	Price High \$	Range Low \$
1965	3,483	1,728	340		51	0.02	*1.04	*0.55
1966	3,743	2,141	786		412	0.17	2.00	0.60
1967	4,820	3,021	1,337		853	0.34	3.95	2.00
1968	6,195	3,525	1,524	7,971	504	0.20	4.50	1.80
1969	6,679	3,811	1,698	10,729	358	0.14	3.80	1.65
1970	7,610	4,243	1,354	15,615	508	0.20	4.15	1.75
1971	8,310	4,950	1,726	16,607	949	0.37	4.95	3.40
1972	15,813	5,986	1,481	20,380	1,282	0.50	7.50	4.35
1973	19,032	7,351	3,241	33,368	1,621	0.74	7.00	4.50
1974	19,253	6,164	2,754	43,832	d1,060	d0.42	4.60	2.35
1975	20,675	8,019	3,665	61,878	1,855	0.73	4.10	2.40
1976	26,362	11,411	6,564	54,941	2,598	0.98	4.50	3.40
1977	27,464	12,733	5,416	80,293	1,805	0.66	4.00	3.25
1978	35,776	13,876	6,379	102,581	1,693	0.61	4.80	3.75
1978▲	45,238	14,535	6,670	46,795	934	0.34	4.80	3.75
1979	42,199	17,496	9,927	114,605	3,511	1.28	4.65	3.80
1980	49,724	22,792	13,470	115,539	5,522	2.01	9.50	4.30
1981	55,037	28,616	16,844	122,222	5,824	2.12	11.00	6.25
1982	51,982	31,059	18,189	103,255	2,442	0.89	10.50	5.63
1983	58,426	34,262	19,697	110,765	3,203	1.16	9.63	6.00
1984	65,632	35,056	18,478	136,564	794	0.29	10.00	7.25

*Listed June 7, 1965.

▲Five months ended Dec. 28 due to change in year end.

(This information is obtained from sources we believe to be reliable, but is not guaranteed)

